

Message Text

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C O N F I D E N T I A L BAGHDAD 0167

E. O. 11652: GDS

TAGS: OCON, IR, IZ

SUBJECT: COUNTRY ASSESSMENT FOR IRAQ

REF: STATE 55401

1. FOLLOWING ASSESSMENT IS IN RESPONSE TO REFTEL. DEPARTMENT MAY WISH TO ADD TO OR REVISE IT ON BASIS ADDITIONAL INFORMATION AVAILABLE IN WASHINGTON.

2. POLITICAL: IRAQ, WITH A POPULATION OF TEN MILLION, IS GOVERNED BY A REVOLUTIONARY COMMAND COUNCIL CONSISTING OF NINE CIVILIAN AND MILITARY LEADERS. THE STRONGEST FIGURE IS RCC VICE CHAIRMAN SADDAM HUSSEIN, LEADER OF THE CIVILIAN WING. SADDAM HUSSEIN IS THE PERSONIFICATION OF BAATHI IRAQ; HE IS YOUNG (35), AMBITIOUS AND RUTHLESS. HE HAS A LIMITED KNOWLEDGE OF THE OUTSIDE WORLD, SPEAKS ONLY ARABIC, AND IS DOGMATIC IN HIS BELIEF THAT THE " IMPERIALISTS" LED BY U. S. ARE ACTIVELY SEEKING TO CRUSH " REVOLUTIONARY" IRAQ.

3. THE RCC' S PRINCIPAL INSTRUMENTS OF POWER ARE THE PERVASIVE AND COMPETING INTELLIGENCE AND INTERNAL SECURITY ORGANS OF THE BAATH PARTY, THE ARMED FORCES, AND THE MINISTRY OF THE INTERIOR. THE NUMBER OF BAATH PARTY MEMBERS IS UNKNOWN, BUT IS BELIEVED TO BE LESS THAN ONE PERCENT OF THE POPULATION. ALTHOUGH IN POWER FOR NEARLY FIVE YEARS, PARTY HAS RETAINED ITS SECRETIVE, CELL- LIKE STRUCTURE AND INFORMER SYSTEM. PARTY- MILITARY RIVALRY IS A CONTINUING THREAT AND THE BAATH HAVE ATTEMPTED TO INSURE THE LOYALTY OF THE ARMED FORCED BY GIVING THEM FAVORED TREATMENT, CARRYING OUT PURGES, AND ESTABLISHING POLITICAL COMMISSARS. THE BAATH REGIME HAS ALSO SUCCEEDED IN MOBILIZING MASS SUPPORT, IF NOT ENTHUSIASM, THROUGH TIGHTLY CONTROLLED LABOR UNIONS, PEASANT FEDERATIONS, AND PARTY
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OR PARTY FRONT ORGANIZATIONS.

4. BAATH ORGANIZATIONAL EFFECTIVENESS HAS GIVEN IRAQ GREATER POLITICAL STABILITY THAN AT ANY TIME SINCE THE PRE-1958 ERA. THE ONLY KNOWN ORGANIZED OPPOSITION COMES FROM THE KURDS WHO, UNDER THE LEADERSHIP OF 70 YEAR OLD MUSTAFA BARZANI, RECEIVE IRANIAN AND ISRAELI ASSISTANCE AND CONTROL A LARGE SLICE OF TERRITORY ON THE NORTHEAST FRONTIER. A TRUCE OF MARCH 1 1970 CONCEDED REGIONAL AUTONOMY TO THE KURDS, BUT THE GOVERNMENT IS UNWILLING TO GRANT IT IN PRACTICE AND THE KURDS REFUSE TO SETTLE FOR LESS. BOTH SIDES SEEM RELUCTANT TO RENEW THE FIGHTING AND BARRING NEW OUTSIDE INTERFERENCE, THE OUTLOOK IS FOR A CONTINUING STALEMATE. OTHER DISAFFECTED GROUPS (SHIA MUSLIMS, CHRISTIANS AND TURCOMANS) HAVE RARELY MADE COMMON CAUSE WITH THE KURDS OR WITH EACH OTHER AGAINST THE DOMINANT SUNNI MUSLIMS. ON BALANCE, THE FUTURE OF THE BAATH REGIME, PARTICULARLY IN VIEW OF THE ENCOURAGING ECONOMIC PROSPECTS, SEEMS BRIGHT.

5. ECONOMIC: IRAQ HAS GREAT AGRICULTURAL POTENTIAL, BUT OIL STILL ACCOUNTS FOR 35 PERCENT OF GNP AND 90 PERCENT OF EXPORT EARNINGS. THE IPC PACKAGE SETTLEMENT OF MARCH 1, 1973 RESOLVED ALL MAJOR PROBLEMS THAT HAVE TROUBLED RELATIONS BETWEEN IRAQ AND THE

WESTERN OIL COMPANIES FOR TEN YEARS. IT HAS ASSURED IRAQ OF A RAPID INCREASE IN OIL REVENUES AND GIVEN IT A FLEXIBILITY VIS- A- VIS THE USSR

AND THE WEST THAT IT HAS NOT HAD BEFORE.

OIL REVENUE WAS 900 MILLION DOLLARS IN 1971 AND IS EXPECTED TO RISE TO TWO BILLION DOLLARS IN 1975. FOR THE OIL COMPANIES, THE SETTLEMENT REPRESENTS PERHAPS THE LAST OPPORTUNITY TO INSURE THEIR PARTICIPATION IN THE DEVELOPMENT OF IRAQ' SHUGE RESERVES (ESTIMATED AT 6 PERCENT OF WORLD RESERVES). THE ONLY MAJOR WESTERN INVESTMENT LEFT IN IRAQ IS THE BASRA PETROLEUM CO. IN WHICH MOBIL AND EXXON TOGETHER HAVE 23.75 PERCENT INTEREST. BPC HAS, AS PART OF PACKAGE SETTLEMENT, UNDERTAKEN TO RAISE PRODUCTION IN ITS CONCESSION FROM 34 MTA IN 1972 TO 80 MTA IN 1975. THIS WILL REQUIRE A NEW INVESTMENT OF ABOUT 150 MILLION DOLLARS.

6. FAO REPRESENTATIVES GIVE THE BAATH REGIME HIGH MARKS FOR EFFORT AND RESOURCES DEVOTED TO AGRICULTURE AND IRRIGATION (I. E. 40 PERCENT OF THE DEVELOPMENT BUDGET), BUT ARE NOT SO COMPLIMENTARY ABOUT BAATH POLICIES SUCH AS MOVES TO COLLECTIVE AGRICULTURE. IN FACT, THE REGIME SEEMS TO BE STILL IN SEARCH OF AN AGRICULTURAL POLICY FOR PRIVATE HOLDINGS EXIST ALONG SIDE COLLECTIVES, COOPERATIVES AND STATE FARMS. IN OTHER SECTORS THERE ARE SIGNS OF ECONOMIC PRAGMATISM; NATIONALIZATION OF SMALL INDUSTRIAL ENTERPRISES HAS CEASED AND SOME HAVE BEEN RETURNED TO THEIR OWNERS; IRAQ MADE SOME MAJOR CONCESSIONS IN ACHIEVING THE IPC SETTLEMENT; THERE IS AN EFFORT TO PROMOTE TOURISM AND REVERSE THE BRAIN DRAIN BY OFFERING ATTRACTIVE POSITIONS TO EXPATRIATES; AND A GROWING NUMBER OF

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NON- BAATHIST TECHNOCRATS ARE FOUND IN RESPONSIBLE POSITIONS. HOWEVER, FOR THE TIME BEING, THE REGIME' S RADICAL FOREIGN POLICIES ARE UNDERCUTTING THE EFFORTS OF THE PRAGMATISTS.

7. FOCEIGN POLICY: THE BAATH REGIME HAS WITHIN THE PAST SIX MONTHS SENT ARMS TO OPPOSITION ELEMENTS IN PAKISTAN; ENGAGED IN SUBVERSIVE ACTIVITIES IN AT LEAST THREE ARAB COUNTRIES; ATTACKED KUWAITI BORDER POSTS; CALLED FOR THE ARAB LEAGUE TO TAKE DIRECT ACTION AGAINST U. S. INTERESTS THROUGHOUT THE MIDDLE EAST; AND GIVEN FINANCIAL AND POLITICAL SUPPORT THE PALESTINIAN FEDAYEEN, AND PROBABLY TO BLACK SEPTEMBER. IN THE EYES OF THE BAATH MILITANTS THESE ACTIVITIES ARE JUSTIFIED IN ORDER TO PROMOTE THE PALESTINIAN CAUSE AND THE DEFEAT OF THE U. S.- LED ALLIANCE OF MIDDLE EAST " REACTIONARY" REGIMES WHICH IS TRYING TO DOMINATE THE AREA TO DOQURE THE SUPPLY OF OIL. THE TWIN PILLARS OF THIS STRATEGY, IN THE BAATH VIEW, ARE IRAN AND ISRAEL, THE TWO COUNTRIES WHO HAVE LONG PROVIDED MILITARY ASSISTANCE TO THE KURDISH DISSIDENTS. IN ADDITION, IRAN HAS UNILATERALLY ABROGATED THE SHATT AL- ARAB TREATY OF 1937 AND SIEZED THE GULF ISLANDS WHICH GIVE IT A STRANGLEHOLD ON IRAQ' S LIFELINE. THE ARAB REGIMES OF SAUDI ARABIA AND JORDAN, IN BAATH EYES, ARE ACTIVE PARTNERS IN THIS ALLIANCE AND KUWAIT HAS AN AFFINITY FOR IT. IRAQI SUBVERSIVE ACTIVITIES HAVE, HOWEVER, RARELY SUCCEEDED AND HER REPUTATION THROUGHOUT THE AREA IS THAT OF DANGEROUS, UNPREDICTABLE TROUBLEMAKER.

8. A MORE SERIOUS THREAT TO THE AREA MAY EVENTUALLY RESULT FROM THE " STRATEGIC ALLIANCE" WHICH IRAQ CLAIMS TO HAVE ESTABLISHED WITH THE USSR BY THE APRIL 1972 FRIENDSHIP TREATY. IN FACT, THIS TREATY MADE OFFICIAL WHAT WAS ALREADY A VERY SUBSTANTIAL RELATIONSHIP. THE USSR HAS SINCE 1965 GIVEN ECONOMIC ASSISTANCE OF OVER 500 MILLION DOLLARS AND MILITARY ASSISTANCE OF MORE THAN A BILLION DOLLARS, MAKING IRAQ THE SECOND LARGEST CONFIDENTIAL

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RECIPIENT (AFTER EGYPT) OF SOVIET AID IN THE NEAR EAST. ALTHOUGH THE SOVIETS DO NOT SEEM TO BE PRESSING FOR MILITARY FACILITIES, THEY ARE CONCENTRATING THEIR EFFORTS ON CERTAIN STRATEGIC SECTORS; THE ARMED FORCES, OIL, IRRIGATION, AND DEVELOPMENT OF MERCHANT AND FISHING FLEETS. THERE IS CONSIDERABLE EVIDENCE TO SUGGEST THAT THE SOVIETS WERE NOT PLEASED WITH THE NEW LEASE ON LIFE THE IPC SETTLEMENT HAS GIVEN THE WESTERN OIL COMPANIES. THE BAATH REMAIN WARY OF SOVIET INTENTIONS FOR THEIR MOST FEARED DOMESTIC ENEMY IS THE COMMUNISTS, WHO AT SOVIET URGING NOW HAVE TWO MINISTERS IN THE GOVERNMENT, BUT ARE GIVEN NO REAL POWER.

9. FRANCE ALONE AMONG WESTERN COUNTRIES HAS SUCCEEDED IN DEVELOPING A CLOSE RELATIONSHIP WITH IRAQ BY VIRTUE OF ITS PRO- ARAB FOREIGN POLICY AND RELIANCE ON IRAQI OIL FOR WHICH IT WILLING TO TAKE INVESTMENT RISKS. OTHER WESTERN COUNTRIES AND JAPAN ARE SHOWING RENEWED INTEREST IN IRAQI OIL AND THE IRAQI MARKET

NOW THAT THE LEGAL IMPEDIMENTS HAVE BEEN REMOVED BY THE IPC SETTLEMENT.

10. THE U. S. INTERESTS SECTION WAS OPENED IN OCTOBER 1972 AND IS STAFFED BY TWO OFFICERS. THE AMERICAN COMMUNITY OF ABOUT 300 CONSISTS ALMOST EXCLUSIVELY OF AMERICANS MARRIED TO IRAQIS AND THEIR CHILDREN. OUR EXPORTS HERE HAVE BEEN RUNNING AT ABOUT 30 MILLION DOLLARS ANNUALLY, BUT A PURCHASE OF SIX BOEING AIRCRAFT WORTH 60 MILLION DOLLARS MAY SOON INCREASE THAT FIGURE. WHILE USINT OFFICERS HAVE BEEN TREATED CORRECTLY THE IRAQI GOVERNMENT HAS GIVEN NO EVIDENCE OF DESIRING IMPROVED RELATIONS WITH THE U. S. LOWRIE

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